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National Intelligence Bulletin

January 29, 1976

CONTENTS

ITALY: Early parliamentary elections	1
MOROCCO-ALGERIA: New fighting in Spanish Sahara	2
YUGOSLAVIA: Tito's health	3
LEBANON: Christians suspicious of Syrian intentions	5
SYRIA: Reaction to US veto	6
<div style="border: 1px solid black; height: 30px; width: 100%;"></div>	
SPAIN: Arias' speech disappointing to many	8
<div style="border: 1px solid black; height: 70px; width: 100%;"></div>	
CUBA-CHINA-USSR: Havana's party daily attacks Peking	11
PAPUA NEW GUINEA: Secessionist-inspired violence	13
PHILLIPINES: Communists suffer setback	14
ETHIOPIA: Ruling military council's prestige tarnished	15
<div style="border: 1px solid black; height: 30px; width: 100%;"></div>	
FOR THE RECORD	16

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National Intelligence Bulletin

January 29, 1976

ITALY

An early parliamentary election in Italy now seems a strong possibility. Aldo Moro is having increasing trouble in his effort to form a minority government composed solely of Christian Democrats. He began negotiations for such a government, which could only have been a stop-gap solution, on Monday after he had failed to get agreement on any formula for a coalition with two or more of the country's four center-left parties.

Moro's Christian Democrats handed him his latest problem yesterday when they said they were unwilling to take part in a caretaker cabinet unless Moro could first persuade the other three center-left parties—the Socialist, Social Democratic, and Republican—to pledge parliamentary support for a package of emergency economic measures.

Moro now has the complicated task of trying to reconcile the opposing views of the Socialists and the austerity-minded Republicans. The long-standing economic policy dispute between the two parties was a major factor in the Socialists' decision to bring down Moro's previous government three weeks ago. Neither party is now in a mood to compromise.

The obstacle course set up for Moro by his own party suggests that the Christian Democrats now see more advantages than disadvantages in an early election. The Christian Democrats, however, are striving to create the impression that they are exhausting all alternatives in order to be able to blame the other parties if an early election becomes inevitable.

Few Christian Democrats can match Moro's negotiating skill, and he may yet produce an agreement. If he cannot find a compromise—one well-placed Christian Democrat has already predicted failure—Moro's party will have to decide between asking another Christian Democrat to try to form a government or sending his outgoing coalition to parliament for a confidence vote. Barring a last-minute retreat by the Socialists in such a vote, Moro would lose and the stage would be set for an early election.



National Intelligence Bulletin

January 29, 1976

MOROCCO-ALGERIA

New clashes with Moroccan forces in Spanish Sahara were reported yesterday by Algeria's official press agency. According to another press report, the fighting continued into today. The reports did not indicate exactly where the fighting occurred or whether Algerian troops or Polisario Front guerrillas were involved.

A Moroccan communique, however, claimed the fighting was a continuation of Tuesday's clash, in which Polisario guerrillas were supported by Algerian military personnel. The Moroccans claimed they captured some more Algerian troops subordinate to the army's 41st battalion and that the Algerians used artillery in yesterday's round of fighting. Rabat and Algiers have so far measured their moves carefully, but each has expressed concern that the situation could get out of control.

Iraq, Egypt, and Syria are trying to mediate between Rabat and Algiers. Iraqi Information Minister Aziz talked with President Boumediene in Algiers yesterday and is now in Rabat for talks with King Hassan. Syrian Deputy Prime Minister Haydar and Chief of Staff Shihabi yesterday began a similar mission to both countries. Egyptian President Sadat also has been in contact with Boumediene and Hassan, and yesterday sent Vice President Mubarak to Morocco, Algeria, and Mauritania.

President Boumediene yesterday called on all nations to support self-determination for Spanish Sahara. Algeria, he said, could not neglect its duty to support the Saharans to this end. He warned that Morocco and Mauritania, which he said had colluded with Spain to invade the area, must bear full responsibility for the situation which has resulted from their action.

Morocco yesterday called in the ambassadors of the five permanent members of the UN Security Council to stress the gravity of the situation. Foreign Minister Laraki emphasized Rabat's determination to remain calm and to avoid overreacting to Algerian provocations. Although Laraki said Morocco at present was not planning to call for a Security Council meeting, he was clearly laying the groundwork for such a move if the situation deteriorates.

Laraki claimed Moroccan forces on Tuesday had encountered an Algerian "garrison," not a supply convoy carrying medicine and food as the Algerian press reported. He said the Moroccans captured 29 Algerian soldiers.

25X1

National Intelligence Bulletin

January 29, 1976

YUGOSLAVIA

President Tito's illness is reportedly much more serious than Belgrade has officially admitted.

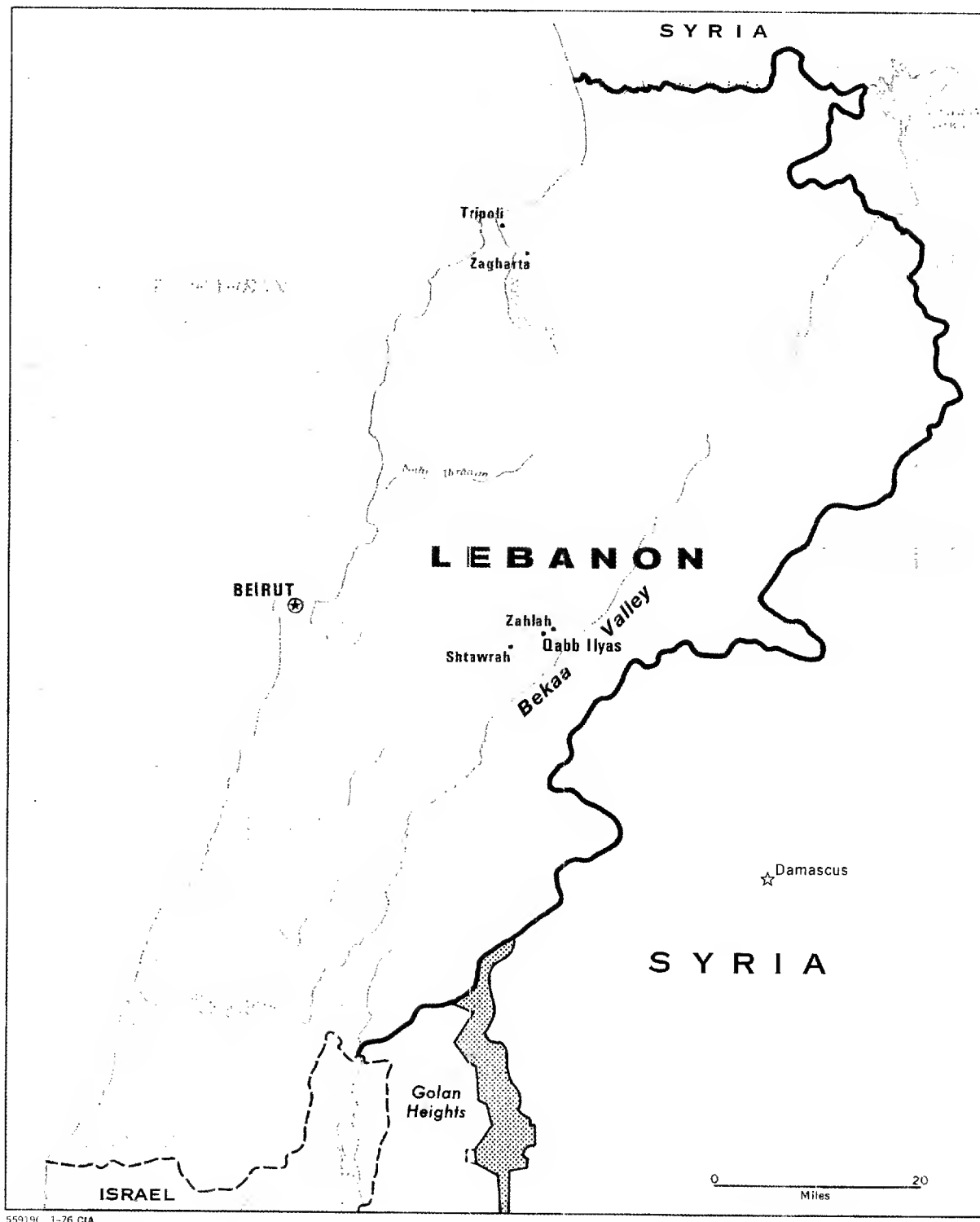
A Yugoslav journalist who was to accompany the 83-year-old leader on a recently postponed tour of Latin America has told the US ambassador that Tito is suffering partial paralysis and will need six to seven weeks to recover. Belgrade has said only that Tito is suffering from sciatica. Mexico yesterday announced that Tito's state visit there has been postponed indefinitely.

The journalist denied that Tito had a stroke, but the symptoms he described point to this diagnosis. Tito has in recent years suffered minor episodes of coronary insufficiency and several minor strokes accompanied by partial and temporary paralysis. In 1973, he experienced a heart failure that physically incapacitated him for almost six months.

This latest incident may not be dangerous in itself, but at Tito's age, a series of minor strokes is a definite threat. Such a development could permanently impair his physical and mental capacities.

25X1

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National Intelligence Bulletin

January 29, 1976

LEBANON

Christian leaders in Lebanon remain suspicious of Syria's intentions, despite repeated assurances from Syrian Foreign Minister Khaddam that Syrian-controlled Palestinian troops will be withdrawn to Syria as soon as order is restored.

Heavy concentrations of these Palestinian forces are in the Bekaa Valley, and recent attacks on a group of small Christian villages in the area were apparently the immediate cause for Christian concern. The official Lebanese news service said yesterday that the Christian town of Qabb' Ilyas has been under attack for several days, but it carefully avoided assigning blame for the trouble.



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In an interview yesterday, Interior Minister Shamun referred to the trouble in eastern Lebanon. He implied that he would withhold approval of a final settlement until Syria recalls the Palestinian troops. Although Shamun may be overstating this reaction to the Palestinian presence in order to buy time in political negotiations, talk of Syrian "occupation," coupled with persistent cease-fire violations, may erode confidence that a settlement can be reached.



25X1

National Intelligence Bulletin

January 29, 1976

SYRIA

Syrian Deputy Foreign Minister Rafai yesterday called in Ambassador Murphy to express Syria's "deep dissatisfaction" with the US veto of the Arab-backed resolution in the UN Security Council last Monday. He said the US had created an impasse in the Middle East peace process and had blocked the way toward a durable peace.

Noting that Syria believes there is a better understanding for Palestinian rights in the US than in the US government, Rafai asserted that the US veto will not deter Damascus from pursuing its efforts on behalf of the Palestinians in both the General Assembly and again in the Security Council.

An earlier public statement by the Syrian minister of information carried a similar message but was more strident in tone. The statement asserted that the US bears a great responsibility for wasting an opportunity to further peace efforts and accused the US of "persistently antagonizing" the Arab people.

Apparently referring to US statements explaining the reasons for the vote, the Syrian statement charged that the US is using "flimsy excuses" to cover up an obvious maneuver to support "Zionist aggression." An authoritative Damascus newspaper, echoing the same theme, urged in addition that the Arabs revise their attitudes toward the US.

Although there is undoubtedly an element of rhetoric in both the private demarche and the public statement, the Syrians probably actually believe much of what their statements alleged about the US attempt to stall for time on Israel's behalf.

Neither statement repeated the newspaper's call for a reappraisal of relations with the US, but Damascus may nonetheless feel that it would lose nothing at this point if it attempted to exert further pressure on the US by putting greater distance between itself and Washington.

The Syrians may also hope that the changing opinion they perceive in the US will work as additional pressure on the US to alter its position on the Palestinians.



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National Intelligence Bulletin

January 29, 1976

SPAIN

Prime Minister Arias' policy speech to the Spanish parliament yesterday was more a declaration of intentions than the concrete program for change many Spaniards had hoped for.

Arias promised the government would set up a bicameral legislature, draft a new election law, and give political parties more independence. He failed to define how responsive the new legislature would be to the electorate or how much freedom political parties would have.

The Prime Minister did make it clear that change would be gradual. This theme will be heavily criticized by those Spaniards who have advocated a constitutional referendum on whether to dismantle institutions inherited from the Franco era.

Other proposals made by Arias were equally vague or hedged with restrictions:

--His promise to amend the severe anti-terrorist law was coupled with a warning against those who resort to violence.

--His announcement that the government is studying a statute to accommodate the two Basque provinces and Barcelona Province was coupled with a defense of a strong unitary state.

--His promise to relax restrictions on freedom of assembly and demonstrations was accompanied by some strong remarks about law and order.

Arias disappointed those who had hoped that another amnesty would be granted to Spanish political prisoners, stating only that the matter is under study. He was equally imprecise about the government's approach to economic problems. He said full employment is a priority goal and emphasized the need for sharing economic burdens equitably and for tax reform.

In effect, Arias' speech asks those who have benefited under the old system to consider giving up some of their power and privileges. Most have serious misgivings about where all of this will lead.

Last weekend, for example, it took considerable behind-the-scenes pressure to get the Council of the Realm to approve a government decree extending the present parliament for 15 months in order to allow enactment of new laws to make the next general elections more representative. In his speech, Arias promised to complete his reforms during that period.

National Intelligence Bulletin

January 29, 1976

Perhaps anticipating the disappointment the speech would arouse both at home and abroad, Interior Minister Fraga, the leading proponent of reform in the cabinet, told a European government official that his government should not be concerned about the speech because proposals for reform would be set forth shortly.

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National Intelligence Bulletin

January 29, 1976

CUBA-CHINA-USSR

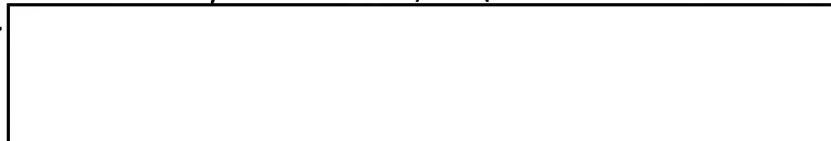
An anti-Chinese editorial in the Cuban party daily on Tuesday suggests that Havana is determined to play a more aggressive role, in parallel with Moscow, in trying to undermine Chinese influence in the Communist and Third World. The commentary said, "The Angolan trenches define the real ideological and political positions" of nations, and denounced China for allying with "the US imperialists and the South African racists." Chinese policies elsewhere, particularly on Chile, also were attacked.

Although the attack is in line with recent Soviet propaganda, it is the most strident anti-Chinese message from Havana since 1966. By reviving the polemics that have been largely absent from Cuban-Chinese relations since that time, Havana may be serving notice of its intention to compete more actively with Peking for influence with Third World governments and revolutionary groups.

Cuba had already been pursuing this course—albeit less aggressively—during the last few years with considerable success. We estimate that as many as 2,500 Cuban civilian and military advisers are in a number of countries in the Caribbean, the Middle East, Southeast Asia, and Africa, in addition to the large contingent now in Angola. In some of these countries, Cuba—acting in part as Moscow's surrogate—has gained influence at the expense of China.

The Chinese have long regarded the Cubans as the Soviets' proxy abroad, and Tuesday's diatribe, to which Peking has not yet responded, will only strengthen this view. At the very least, Peking can be expected to include Cuba more directly in its anti-Soviet commentary on Angola. To date, Chinese media have avoided any direct criticism of Cuban support for the Popular Movement. In recent weeks, however, the official Chinese news agency has replayed several Western accounts of Havana's role in Angola.

The Chinese have traditionally attempted to limit the impact of Sino-Soviet competition on Peking's state-to-state relations, but official dealings with Havana—which have been unfriendly but not overtly vituperative—will undoubtedly become more tense.





National Intelligence Bulletin

January 29, 1976

PAPUA NEW GUINEA

The government of Papua New Guinea is facing a secessionist-inspired outbreak of violence on Bougainville Island—the new nation's richest province. Attacks on government facilities and other mob action in recent days have apparently been in reaction to Prime Minister Somare's move in early January to evict secessionist officials from government housing and to withhold revenue payments to the secessionists' self-styled "Republic of the North Solomons."

There is considerable confusion in the government on how to deal with the situation. Somare has been indecisive in responding to the secessionist challenge, which surfaced soon after Papua New Guinea became independent last September, and he has intended until now to let matters drift.

New Guinea is 500 miles from Bougainville, and the secessionists have disrupted communications with the island. The government has only limited forces available if Somare decides to suppress the secessionist movement, which has been growing rapidly in recent months.

It is too early to judge the prospects for a negotiated settlement of the central issues. The Bougainvilleans' resent control of the central government by the more numerous Papuans and New Guineans and demand a larger share of revenues from the lucrative copper mines on the island. At present, over half of the central government's revenues come from the Bougainvillean copper industry.

25X1

National Intelligence Bulletin

January 29, 1976

PHILIPPINES

The Maoist-oriented Communist Party of the Philippines/Marxist Leninist recently suffered setbacks when the government arrested several top party officials and successfully dispersed a Communist-organized demonstration in Manila.

In a series of raids, Philippine security forces apprehended 48 party members, including four members of the Central Committee. These raids and arrests, plus the arrest of several students, apparently helped to disrupt the protest demonstration planned for this past Sunday.

The demonstration, organized to protest low wages and a series of other labor and welfare issues, was effectively dispersed before it started by security forces and government-organized civilian youth groups.

25X1

Sunday's demonstration never really got off the ground, but at least 5,000 supporters reportedly showed up, and several prominent religious and political opposition leaders backed the Communist-inspired event. This turnout demonstrates that the Communist Party has the ability to capitalize on some of the issues that confront an urban society under martial law. Although the opposition presently poses little threat to the Marcos government, and the Communist Party remains small, rising dissatisfaction might well bring about additional cooperation between the Communists and liberal Catholic, student, and labor groups.

25X1

National Intelligence Bulletin

January 29, 1976

ETHIOPIA

The arrest of six members of Ethiopia's ruling military council for alleged corruption has dealt a further blow to the council's attempt to improve its badly tarnished image.

Addis Ababa radio announced yesterday that the six were imprisoned for personal misdeeds. Other reports circulating in the capital claim that seven council members were involved. The US embassy and defense attache have received reports that the accused were executed earlier this week after evidence of their alleged illegal activities was presented to the council.

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The council has never fully recovered the influence it lost late last year because of its factionalism and increasing reliance on force to carry out its policies.

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This latest indication of continuing disarray in the council's ranks will likely trigger more public cynicism, despite the council's attempt to portray the arrests as stern action against corruption.

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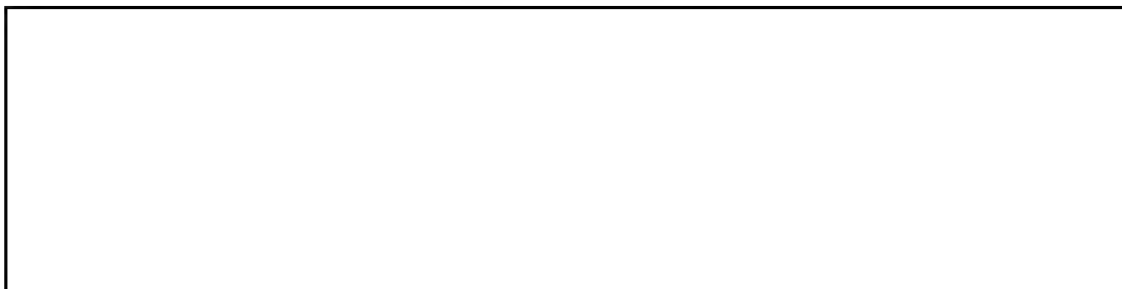
National Intelligence Bulletin

January 29, 1976



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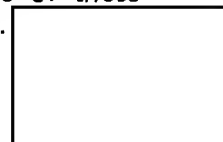
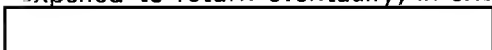


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PANAMA: Protests against the government's arrest and exiling on January 20 of a number of prominent members of the opposition have subsided. A general strike by rightist businessmen, the chief target of the crackdown, fizzled in the capital. The government used hired hoodlums to break up a protest rally and exerted behind-the-scenes pressure on businessmen. The principal business organization has called for "normalization," apparently after the government made some concessions. Having thus cowed his opponents, Torrijos will probably allow some of those expelled to return eventually, in exchange for pledges of good conduct.

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